

Message Text

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44

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 AID-20 CIAE-00 COME-00 EB-11

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P 141712Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 8721

UNCLAS LONDON 03262

E.O. 11652: N/A

TAGS: EFIN, UK

SUBJECT: FOREIGN AND U.S. INVESTMENT IN THE U.K.

REF: A) FLOYD/SMITH - MARCH 13 TELEPHONE CONVERSATION

B) LONDON A-467, 4/2/73

C) LONDON A-1257, 8/11/71

D) LONDON A-252, 2/14/73

E) LONDON A-1438, 12/10/73

F) LONDON A-1394, 11/27/73

1) IN RESPONSE TO QUERIES RAISED IN REFERENCE A, FOLLOW-
ING INFORMATION (LATEST AVAILABLE) WAS OBTAINED FROM
D.T.I.:

A) TOTAL FOREIGN DIRECT INVESTMENT, 12/31/71, IN U.K.:
3,817 MILLION POUNDS.

B) TOTAL U.S. DIRECT INVESTMENT IN U.K.: 2448 MILLION
POUNDS.

ABOVE STATISTICS DO NOT INCLUDE INVESTMENTS IN PET-
ROLEUM, INSURANCE AND BANKING WHICH AT END OF 1971 TOT-
ALLED 1600 MILLION POUNDS.

2) DEFINITIVE DATA REGARDING U.S. DIRECT INVESTMENT IN
THE U.K. AS A PERCENT OF TOTAL U.K. INVESTMENT IS NOT
AVAILABLE. A RECENT AUTHORITATIVE STUDY (SEE REFERENCE
D - "UNITED STATES INDUSTRY IN BRITAIN" - FINANCIAL
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TIMES STUDY - JANUARY 1973) NOTES THAT CUMULATIVE DIRECT

U.S. INVESTMENT IN U.K. WENT FROM 847 MILLION DOLLARS
AT END OF 1950 TO 3194 MILLION DOLLARS AT END OF 1960
AND 8015 MILLION DOLLARS AT END OF 1970. OVER SAME
PERIOD, U.K.'S GNP ROSE FROM 11.7 BILLION POUNDS, TO
22.8 BILLION AND THEN ON TO 42.8 BILLION POUNDS. THIS
REFLECTS AN AVERAGE INCREASE OF U S DIRECT INVESTMENT OF
12 PERCENT PER ANNUM WHICH IS NEARLY TWICE THE GNP
GROWTH RATE FOR THE SAME PERIOD.

3) SAME SOURCE INDICATES FOLLOWING DATA FOR SELECTED
YEARS:

1950 1957 1960 1970

A) US CUMULATIVE INVEST- 2.6 3.6 5.1 7.8
MENT AS PERCENT OF UK GNP

B) ANNUAL GROWTH IN US N/A 16.7 27.2 16.3
INVESTMENTS AS PERCENT OF
NET FIXED CAPITAL FORMA-
TION OF UK COMPANIES

4) REFERENCES B, C, D, E, & F DEAL WITH VARIOUS ASPECTS OF
FOREIGN AND U.S. INVESTMENT IN THE U.K.

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Message Attributes

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